

250542

**FOURTH AMENDMENT TO
WATER AND SANITARY SEWER SERVICE AGREEMENT**

between the

**CITY OF GRAND RAPIDS
(the "City")**

and

**ADA TOWNSHIP, and
CITY OF EAST GRAND RAPIDS
(individually a "Customer Community" and
collectively the "Customer Communities")**

**FOURTH AMENDMENT TO WATER AND
SANITARY SEWER SERVICE AGREEMENT**

THIS FOURTH AMENDMENT TO WATER AND SANITARY SEWER SERVICE AGREEMENT made and executed as of August 1, 2010 (hereinafter referred to as the "Fourth Amendment"), by and between the **CITY OF GRAND RAPIDS**, Kent County, Michigan, a Michigan municipal corporation (hereinafter referred to as the "City"), and **ADA TOWNSHIP**, Kent County, Michigan, a Michigan general law township, and the **CITY OF EAST GRAND RAPIDS**, Kent County, Michigan, a Michigan municipal corporation (hereinafter referred to individually as a "Customer Community" and collectively as the "Customer Communities").

RECITALS

A. The City and the Customer Communities have entered into a Water and Sanitary Sewer Service Agreement dated as of January 1, 1999 (the "Agreement"), for the provision of public water and/or sanitary sewer service to Users within certain designated service areas on a wholesale basis.

B. The City and the Customer Communities who have executed this Fourth Amendment have determined to (i) amend Section 6 of the Agreement to provide that the use of billed flow in the Rate Setting Methodology shall be based on the average billed flow for the immediately preceding 3 fiscal years of the City plus adjustments based on trend analysis and known demographic changes; (ii) amend Section 6 of the Agreement to provide for the potential for implementing a program that would permit a Customer Community to "prepay" its allocated capital revenue requirements determined by the Rate Setting Methodology; (iii) amend Section 7 of the Agreement to permit the "phase-in" of the percentage of a Customer Community's share of integrated costs that is based on the land area within an applicable Utility Services District to

be paused or ended at the then current percentage; and (iv) amend Section 9 of the Agreement to provide that the rate of return on zone-gated fixed assets be The Bond Buyer Index of 20 Municipal Bonds plus 4.5% per annum.

NOW, THEREFORE, in consideration of the respective representations and agreements contained herein, the parties hereto agree as follows:

Section 1. Amendment to Section 6 of Agreement. Section 6 of the Agreement is amended by the addition of the following subsections F and G:

F. Average Billed Flow. Beginning with the Rate Study for rates and charges to be effective for the 2011 calendar year, the use of billed flow of the City and Customer Communities in the Rate Setting Methodology shall be based on the average billed flow for the immediately preceding 3 fiscal years of the City plus adjustments based on trend analysis and known demographic changes.

G. Prepay Capital Reserve Requirements. Beginning with the Rate Study for rates and charges to be effective in a future calendar year as shall be determined by the Utility Advisory Board, upon the approval of the Utility Advisory Board the Rate Setting Methodology may be amended to permit a Customer Community to "prepay" its allocated capital revenue requirements in accordance with a methodology that shall be approved by the Utility Advisory Board.

Section 2. Amendment to Section 7 of Agreement. The second paragraph of Section 7 of the Agreement is amended to read as follows:

The Rate Setting Methodology shall be further modified to provide that each Customer Community's share of integrated costs of the Water System and Sewer System, as applicable, for purposes of the annual Rate Study shall be determined in part by its share of billed flow (as determined in the immediately preceding paragraph) and, in part, by its share of the total land area within the applicable Utility Services District within such Customer Community as a percentage of total land area of Utility Services Districts of all Customer Communities, service areas of other customer communities and the land area within the boundaries of the City (excluding in the case of the Water System those areas served pursuant to a Water Supply Agreement between the City and Ottawa County dated November 1, 1989) as set forth and demonstrated in the attached Exhibit D. The "phase-in" of the use of land area as set forth in Exhibit D may, upon the approval of the Utility Advisory Board, be paused or ended at the then current percentage.

Section 3. Amendment to Section 9 of Agreement. The second paragraph of Section 9 of the Agreement is amended to read as follows:

The Rate Setting Methodology shall be modified to provide that return on system investment for those fixed assets physically located in the City or a Customer Community and only serving the City or such Customer Community shall be established as provided in the Rate Setting Methodology. For any such fixed assets which are zoned from the City and/or one Customer Community to another, the rate of return shall be established at The Bond Buyer Index of 20 Municipal Bonds plus (i) 6% per annum for rates and charges effective prior to the 2011 calendar year and (ii) 4.5% per annum for rates and charges effective for calendar year 2011 and thereafter.

Section 4. Definitions. All terms not specifically defined in this Fourth Amendment shall have those meanings as defined in the Agreement.

Section 5. Ratification of Agreement. Except as amended by this Fourth Amendment and a First Amendment to Water and Sewer Service Agreement dated as of March 28, 2000, a Second Amendment to Water and Sewer Service Agreement dated as of July 1, 2002, and a Third Amendment to Water and Sewer Service Agreement dated December 1, 2006, each between the City and the Customer Communities, the Agreement is in all other respects hereby ratified and confirmed.

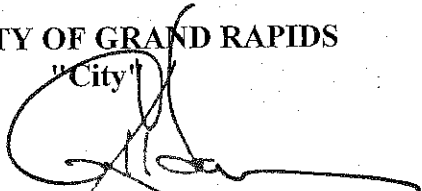
Section 6. Effective Date. This Fourth Amendment shall be effective as of the date set forth in the first paragraph hereof.

IN WITNESS WHEREOF, the City and the Customer Communities have caused these presents to be signed by their respective duly authorized officers as of the day and year first written above.

Executed: _____, 2010

CITY OF GRAND RAPIDS

"City"



George K. Heartwell, Mayor

Attest: Lauri S. Parks
Lauri S. Parks, City Clerk

ADA TOWNSHIP
"Customer Community"

Executed: 10/19, 2010

George Haga
George Haga, Supervisor

Susan Burton
Susan Burton, Township Clerk

CITY OF EAST GRAND RAPIDS
"Customer Community"

Executed: October 22, 2010

Cindy Bartman
Cindy Bartman, Mayor

Karen Brower
Karen Brower, City Clerk

AFFIX
Mayor's Signature

CH
Dept. of Law

79642

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PRESENTED TO
City Commission

AUG 24 2010

Lauri S. Parks
City Clerk

Mayors Signature
AFFIX

City of Law